

**ORDINANCE NO. 20060525-050**

**AN ORDINANCE DENYING A GAS RELIABILITY INFRASTRUCTURE PROGRAM RATE ADJUSTMENT FOR GAS UTILITY INVESTMENT IN 2005 PROPOSED BY ATMOS ENERGY CORPORATION, MID-TEX DIVISION; REQUIRING REIMBURSEMENT OF MUNICIPAL RATE CASE EXPENSES BY THE REGULATED UTILITY; AND PROVIDING NOTICE OF THIS ORDINANCE TO ATMOS ENERGY CORP. MID-TEX DIVISION.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1. FINDINGS:**

- (A) On or about March 30, 2006, Atmos Energy Corporation, Mid-Tex Division ("Atmos" or "the Company"), filed a request for an annual Gas Reliability Infrastructure Program ("GRIP") interim rate with all cities it serves and with the Railroad Commission of Texas ("RRC"). The filing notifies the cities and the RRC of Atmos' intent to increase rates by \$12 million statewide to recover certain investments in infrastructure (e.g., system expansion, pipe repairs, relocating existing facilities).
- (B) The filing was made pursuant to Section 104.301 of the Texas utilities Code, which allows gas utilities to recover reasonable increases in capital investments in the gas system through a GRIP customer surcharge without filing a full rate case.
- (C) The City has exclusive original jurisdiction under Chapter 103 of the Texas Utilities Code to evaluate the Company's request with respect to distribution facilities inside the city and to (1) approve the increase as requested; (2) indefinitely suspend the effective date of the proposed rate increase; or (3) deny the request in its entirety.
- (D) Based on company-provided information, Council approval of the assessment would increase the average monthly bill for approximately 4,800 customers within the City of Austin for approximately a year, effective May 30, 2006. The average monthly increase per customer would be:
  - Residential - \$0.51;
  - Commercial -\$1.75; and
  - Industrial - \$78.47

- (E) The City Council finds that the current rates charged by Atmos already provide sufficient revenues to provide its allowed return without the need for an additional GRIP surcharge to recover incremental investment. The 2005 GRIP filing includes expenditures for new office furniture, computers, and other cost efficiency purchase more likely to benefit shareholders than ratepayers. The Council therefore finds that the requested GRIP surcharge is unnecessary and unreasonable and will adversely impact City customers of Atmos.

**PART 2.** The GRIP rate increased proposed by Atmos filed with the City on or about March 30, 2006, is denied.

**PART 3.** Atmos is directed to reimburse all municipal rate case expenses incurred by the City in relation to the filing.

**PART 4.** Notice of this ordinance is hereby provided to Atmos Energy Corp., Mid-Tex Division.

**PART 5.** This ordinance takes effect on June 5, 2006.

**PASSED AND APPROVED**

<u>May 25</u> , 2006	§ § § _____ Will Wynn Mayor
<b>APPROVED:</b> _____ David Allan Smith City Attorney	<b>ATTEST:</b> _____ Shirley A. Gentry City Clerk